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WESTERN HEMISPHERE AGRICULTURAL SITUATION

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ERS-198

MIDYEAR REVIEW

PRODUCTION RECOVERS IN 1967

A significant recovery is anticipated for agricultural production in the countries of the Western Hemisphere (excluding the United States) in 1967. Improved growing conditions indicate a strong recovery in Latin American agriculture, with output near the record of 1965--when the production index estimated by the U.S. Department of Agriculture reached 127 (1957-59=100). However, Canadian farm output may not equal the record achieved in 1966.

The effect on Canadian crops of severe midyear drought may be largely offset by a rise in output of livestock products. Above-normal rainfall contributed to a significant recovery of early crop production in Brazil and the Caribbean and a continued expansion in Mexico, Central America and Argentina. Production in Uruguay was reduced sharply by heavy rains, flooding, and unusually cold weather which also affected some crops in Argentina, Chile, Colombia, Ecuador, and Peru. Livestock production and late crops were also affected by drought conditions in Mexico, the northern Caribbean, Ecuador, and the Pacific coastal areas of Central America.

The 1967 outlook is for sharply increased Hemisphere production of coffee, sugar, bananas, and corn; some increase is forecast for rice and meat. In contrast, the production of wheat, other feedgrains, oilseeds and cotton will be down significantly. Exports of grains, oilseeds and meat continued at relatively high levels in early 1967 and strong demand is expected to continue during the remainder of the year, particularly for wheat. Higher food production may slow expansion in Latin American agricultural imports during the coming year.

Coffee recovered this year; Hemisphere production of nearly 3 million tons exceeded the low 1966 harvest by more than 10 percent. 1/ The Brazilian crop increased nearly 20 percent despite some early frost damage. Continued expansion in Mexico and Central America more than offset reductions for Colombia and Peru. Large stocks and the quota maintained under the International Coffee

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1/ Metric tons are used throughout this report.

SEPTEMBER 1967

FOREIGN REGIONAL ANALYSIS DIVISION
ECONOMIC RESEARCH SERVICE
U. S. DEPARTMENT OF AGRICULTURE

ERS-FOREIGN 198

Agreement continued pressure for sales outside the Agreement. This situation is encouraging diversification to other crops, particularly in Mexico and Brazil.

There was an increase of about one-third in the 1967 Cuban sugar harvest and significant increases in the Dominican Republic, Central America, and Mexico. Argentina and Brazil continued to restrict sugar production and the 1967 Peruvian crop was affected by overcutting in 1966. As of July this year, U.S. sugar quotas and prorations to the Western Hemisphere countries and dependencies for 1967 were 2.5 million tons, compared with a total of 2.4 million tons for 1966.

Expansion of Central American banana production continued, but drought is expected to reduce the crop in Ecuador. The Brazilian harvest of cocoa beans will be below the large 1966 crop. The Argentine deciduous fruit crop recovered to near record levels and there was a significant increase in Chile, but citrus crops were severely damaged by cold weather in both countries.

Due to drought in the Prairie Provinces, the Canadian wheat crop, now being harvested, is estimated at about two-thirds of the record 22.5 million ton 1966 crop. A record Mexican crop of 2 million tons reflected ideal growing conditions. Favorable prices encouraged larger plantings in Argentina and, despite cold weather early in the growing season, the forthcoming crop is estimated nearly one-third larger than the 1966 crop of 6.4 million tons. Heavy sales early in 1967 led to a ban on wheat exports near midyear; some imports are anticipated in order to meet domestic needs until the new crop is harvested. Canada has relatively large stocks and no shortage of export supplies is anticipated during the coming year, despite large forward commitments to the communist countries.

Hemisphere corn production in 1967 is expected to exceed the previous large output of 30 million tons by nearly 15 percent, reflecting record harvests in Argentina, Mexico, and Brazil--which together account for about 90 percent of total production. The Argentine harvest of sorghum grains was smaller this year and a sharp decline is forecast for other feed grains in Argentina and Canada.

Canadian oilseeds also will be down substantially in 1967, principally rapeseed and flaxseed. Some reduction in Argentina's production of flaxseed and peanuts will be offset by a near-record sunflowerseed harvest. The Brazilian peanut crop recovered, with production near the record for 1965. Soybean production is expected to continue a strong rising trend, particularly in Brazil and Colombia.

The Hemisphere cotton area was maintained near the reduced levels of 1966, reflecting some diversion to other crops in Peru and Central America. Cotton yields also were affected by unusually dry weather in Mexico, Central America, and Brazil. Total 1967 production is forecast nearly 10 percent below the 1966 Hemisphere harvest of about 1.6 million tons.

Strong domestic demand and some anticipated herd liquidation in drought areas are expected to increase Canadian beef output this year, with pork production up substantially. There will be a continued rise in Argentine beef output and a significant increase for Colombia, but lower production in Chile and Uruguay.

A 3-year rise in Canadian agricultural output has been interrupted this year by adverse weather, which reduced yields of principal grain and oilseed crops in the Prairie Provinces. Crop reductions may be offset by above-normal meat output with the index of total agricultural production near the 1966 level estimated at 142 (1957-59=100).

A mild winter was followed by cold, wet weather which delayed planting and early growth of pastures and principal crops throughout Canada. Severe drought conditions, accompanied by high temperatures, centered in Saskatchewan and covered most of the important grain and livestock areas of the Prairie Provinces during July. Late frosts damaged some crops but weather conditions have generally favored development of pastures and crops in other areas.

The 1967 Canadian grain area is estimated 1.3 percent above the record 20 million hectares (49.3 million acres) seeded in 1966. Oilseeds, however, declined for the second year, with plantings estimated nearly 20 percent below 1966. The wheat area increased to an estimated record of 12.2 million hectares (30.1 million acres) despite unfavorable planting conditions. Barley and corn acreages were up approximately 10 percent; oats and mixed grains down about 5 percent. Flaxseed continued to decline; estimated plantings were nearly 40 percent below 1966. The 1967 area sown to rapeseed increased 13 percent in response to rising import demand and a 4 percent rise was forecast for soybeans.

Conditions as of August 1 indicate a sharp drop in production for the three Prairie Provinces, which together account for nearly 90 percent of grain and oilseed production. The 1967 Canadian wheat crop is currently forecast near 15 million tons (about 550 million bushels) compared with the record 1966 harvest of 22.5 million tons. Prospective yield reductions, ranging from 12 to 56 percent, indicate that harvests of barley, oats, rye, and flaxseed will be the smallest in recent years. Pasture and forage supplies may also be sharply reduced in the Prairie Provinces.

Plantings of flue-cured tobacco increased 9 percent in 1967 but the harvest is expected to be near the 1966 crop of 98,000 tons. Deciduous fruit production recovered in 1967, with the apple harvest estimated 18 percent above 1966. Prospects remain favorable for other eastern crops including sugarbeets, corn, soybeans, and hay.

Canadian cattle exports dropped during the first 7 months of 1967 and domestic slaughter declined nearly 3 percent below the comparable 1966 level, as producers rebuilt herds. The reduction in slaughter numbers was partially offset by heavier slaughter weights. Hog marketings continued a strong recovery, with inspected slaughter during the first 7 months of 1967 about 20 percent above total numbers of the previous year. Reductions of pasture and feedgrain production because of drought in the Prairie Provinces will probably stimulate larger livestock marketings during the remainder of 1967. Red meat production in 1967 likely will be significantly above the 1966 level of 1.29 million tons.

Numbers of dairy cows on June 15, 1967 were near a year earlier; January-June milk production was down 2.3 percent. To stimulate production, the newly created Canadian Dairy Commission raised the guaranteed producer price for manufacturing milk from U.S. $3.70 to $4.40 per hundredweight on April 1. However, Canada's 1967 production is not expected to equal the 8.3 million tons produced in 1966. Some reduction in output is anticipated for butter, condensed and evaporated milk, and casein, with a possible increase in cheese and powdered milk.

Canada will begin the 1967/68 marketing season on August 1 with a near-record carryover of grains. Despite smaller crops, anticipated supplies of the principal export oilseeds and grains, including wheat, appear adequate for normal consumption and trade requirements and the maintenance of normal carryover stocks at the end of the marketing season.

MEXICO

Agricultural conditions were very favorable in Mexico in early 1967, but midyear drought affected later crops in some areas. However, agricultural output may exceed the record 1966 index of 143 (1957-59=100). Mexico continued to encourage diversification of its irrigated lands by maintaining relatively high guaranteed prices for rice, grain sorghums, and oilseeds. Near-record harvests of important crops indicate a significant rise in Mexican agricultural exports during 1967.

A large grain harvest is expected in 1967. Wheat benefited from ideal growing conditions and production is forecast near 2 million tons, compared with an estimated 1.6 million tons for 1966. Midyear drought affected corn but the 1967 crop is forecast near the 1966 record of 8.2 million tons. Grain sorghums will expand again this year--to a record harvest near 1.5 million tons --but at a lower rate than last year. Rice production is expected to exceed the large 1966 harvest of 390,000 tons.

In contrast to grains, the 1967 production of Mexican oilseeds may fall below the record 1966 output. Safflower plantings declined sharply and the 1967 harvest is estimated at less than one-half the 246,000 ton output for 1966. This may be partially offset by a slight rise anticipated for other oilseeds, including sesame seed and soybeans. Also, an above-normal carryover of cottonseed may permit Mexican output of vegetable oils to be maintained near the previous year's level.

The cotton area remains below peak levels and some plantings on the east coast were reduced because of lack of rainfall. The 1967 crop has benefited from improved growing conditions in other areas, but production is estimated near last year's low crop of 480,000 tons.

The 1967 sugarcane harvest may exceed last year's record of 23 million tons by more than 10 percent, despite Mexican plans to restrict expansion. Recovery in coffee is expected to be near the 1965 production record of 180,000 tons. The output of citrus fruits, melons and winter vegetables will probably continue to expand.

Livestock output, including cattle exports, is estimated near the 1966 level. The rise in meat production, principally beef and pork, is expected to continue near the 3 percent rate typical of recent years with a smaller rise in milk production. Mexico is concerned with difficulties of supplying the growing domestic demand, particularly for meat. Due to Government restrictions, 1967 exports of live cattle are expected to decline by about 10 percent.

The agricultural situation so far this year suggests some expansion in Mexican agricultural exports. Wheat exports from the 1967 crop are forecast at 200,000 tons or more and corn could exceed the 1965 peak of 1.3 million tons. Mexico will ship its full sugar quota; prorations in the U.S. market stood at 473,400 tons on June 30, compared with a total of 444,000 tons, raw value, for 1966.

CARIBBEAN

In the Caribbean countries (excluding dependencies) 1967 agricultural output is expected to recover significantly from 1966, when the index of production declined to 87 (1957-59=100). Growing conditions were favorable for production of sugar and other early crops. A prolonged midyear drought in the northern Caribbean area including Cuba, the Dominican Republic, Haiti, and Jamaica was followed by hurricane activity and heavy rains.

The region's 1967 sugar output is forecast near 8 million tons, about one-fourth larger than the drought-affected 1966 crop. The Cuban sugar harvest started very early and is reported one of the largest in recent years, exceeding the low 1966 output by more than one-third. Production in the Dominican Republic continued to recover, with output estimated up about 15 percent to nearly 770,000 tons. Larger harvests are estimated for Barbados, Haiti, and Trinidad and Tobago. However, the 1967 sugar crops in Jamaica and the French West Indies are estimated down sharply.

Production of other early harvested crops including cocoa beans is estimated near or slightly above 1966 levels. However, the midyear drought is reported to have seriously reduced corn, bean, and livestock production in the Dominican Republic. There may also be reductions in later crops including coffee, tobacco, rice, and other important food crops throughout the northern Caribbean area. This may be offset by gains in southern areas, particularly in Trinidad and Tobago.

Some recovery in agricultural exports from the Caribbean is anticipated during the coming year, particularly for Cuba and the Dominican Republic. Larger agricultural imports will be needed to supply the demand for foods stimulated by growth in industry and tourism.

CENTRAL AMERICA

A delay in the rainy season resulted in midsummer drought in some Pacific coast areas of El Salvador, Honduras, and Nicaragua, but agricultural conditions were favorable in other areas. The outlook for total 1967 agricultural output of the six Central American countries is for a significant increase from 1966 when the production index reached 142 (1957-59=100).

Government measures, including expansion of credit, halted the decline in El Salvador's cotton area and encouraged some recovery in Guatemala and Nicaragua. Despite reported drought, total 1967 output may be up about 5 percent from last year's revised estimate of 226,000 tons. Sugar production is estimated considerably above the 1966 output of 538,000 tons, with significant gains in all countries except Costa Rica. Despite some efforts to restrict production, coffee is expected to reach a record level about 10 percent above the previous year. The outlook for bananas continues favorable and 1967 production should be well above the record 2.6 million tons harvested in 1966.

Dry weather is reported to have adversely affected corn plantings in El Salvador and Honduras. Despite some anticipated increase in other countries, production is not expected to equal the record 1966 harvest of 1.8 million tons. Some decline is also expected for rice and beans with little change in production of meat and milk.

Central American cotton exports may increase during the coming year and the upward trend in banana trade should continue. The sugar industry will benefit from an increase in 1967 quotas and allocations in the U.S. market, estimated near 228,000 tons as of June 30. In view of a probable decline in net food production and growing demand, agricultural imports should continue to rise.

ARGENTINA

Argentine agriculture is expected to continue its second consecutive year of expansion in 1967. Conditions near midyear indicate a possible record output about 10 percent above 1966, when the production index recovered to 114 (1957-59=100). A series of foreign exchange devaluations, which permitted a rise in producer prices, continued to stimulate a rise in planted area, particularly for grains. Crops in some areas were affected by unusually cold and wet weather near midyear. However, large harvests of feedgrains, increased meat production, and the expectation of a larger wheat crop provide an optimistic outlook for agricultural production and trade during the coming year.

A higher support price stimulated a continued rise in the seeded corn area and with favorable growing conditions the crop was about 9 million tons--a postwar record--compared with 7 million tons in 1966. A large sorghum grain crop of 1.4 million tons was below the 2.1 million ton 1966 harvest due to dry weather at planting time. Large wheat plantings are expected to reduce area available for barley, oats and rye in 1967.

The seeded wheat area is expected to be up about 4 percent in 1967, despite some delay from erratic weather and lack of a support price. With average yields, the crop harvested in late 1967 should be about one-fourth larger than the drought-affected 1966 crop of 6.4 million tons. Argentine rice plantings were up 21 percent in 1967 with a bumper crop nearly 30 percent above 1966 despite an outbreak of disease in some areas.

Favorable prices and growing conditions contributed to a record 1967 sunflowerseed crop estimated near 1 million tons, but peanut production declined more than 15 percent to 340,000 tons. Dry weather at planting and some shift

to other crops reduced output of cotton and cottonseed by nearly 20 percent and a disease reduced the tung-nut harvest by about 40 percent. Flaxseed plantings declined and 1967 production may be considerably below the 1966 level of 540,000 tons.

Growing conditions were favorable for deciduous fruit, with strong recovery in 1967 harvests of apples, peaches, pears, and plums to near-record levels. Citrus production dropped sharply from record 1966 levels due to frost damage in Buenos Aires and Entre Rios Provinces. Sugarcane was also affected by cold weather, with production at the lowest level in recent years.

Strong demand is expected to stimulate a further rise in cattle and hog slaughter in 1967. Beef production may reach a record level nearly 10 percent above 1966; pork output may rise significantly. Some buildup is anticipated for sheep numbers following the 1966 slaughter, the largest in 20 years. Wool production may be down slightly, but milk production may be near the 1966 output.

Wheat exports in 1967 may be less than half the 5 million tons shipped in 1966. Due to reduced availability, Argentina banned wheat exports in June and is short 300,000 tons of its 1967 export commitment to Brazil. Current reports indicate that imported wheat may be needed to meet domestic needs before the new 1967 crop is harvested. Reduced wheat exports have been partially offset by larger corn sales which may reach nearly 6 million tons compared with 1966 exports of 3.8 million tons. Meat exports also have been running at a higher rate in 1967 and are expected to exceed the 595,000 tons shipped last year.

BRAZIL

A near-record year is anticipated for Brazilian agriculture. Improved prices and favorable moisture conditions stimulated a significant recovery in area and yields for the principal food crops. A significant recovery in coffee was partially offset by unusually dry weather which lowered prospective high yields of some crops, and by producer dissatisfaction with cattle prices in some areas. Total 1967 agricultural output is forecast well above 1966 and near the level of 1965 when the index of production reached a record 137 (1957-59=100).

Growing conditions appeared favorable for coffee in 1967. Despite 1966 frost damage in Parana and unusually hot weather near harvest, production is expected to be about 20 percent larger than the low 1966 harvest of 1.3 million tons (22 million bags). The current harvest is reasonably close to the optimum 1.45 million tons set by the Government as the maximum which can be absorbed by the domestic and export markets, maintaining carryover stocks at desired levels.

Despite favorable growing conditions, the 1967 harvest of cocoa beans is not expected to equal the large 1966 crop, estimated at 170,000 tons. Brazil has continued restrictions on milled sugar output, with the 1967 quota established at 4 million tons--down slightly from 1966. Cotton production may be reduced significantly from the 1966 level of 560,000 tons by a shortened rainy season, which resulted in 2 months of dry, hot weather in the southern producing area.

Near-record production of grains, beans and other basic food crops is expected in 1967. A significant recovery in area and favorable growing conditions resulted in a 1967 corn harvest estimated at a record 12.5 million tons, about 25 percent above the previous year. Production of rice and beans was up to a level near the 1965 records of 7 million and 2.3 million tons, respectively. Based on a larger area and good yields, the potato crop is forecast about one-third above the low 1966 harvest of 1.1 million tons.

In contrast, Brazil's oilseed crop may be lower in 1967. Dry, hot weather lowered yields for peanuts and production was estimated nearly 30 percent below the record 1966 production of 777,000 tons. Cottonseed output declined about 20 percent to an estimated 900,000 tons. However, soybean production recovered to 650,000 tons, nearly one-third more than the previous year.

A slight uptrend in output of livestock products should continue in 1967 in response to favorable pasture conditions and removal of price controls for meat. However, producer dissatisfaction with cattle prices restricted meat production for export in southern Brazil early in the year.

Agricultural products should contribute to some rise in Brazil's 1967 exports, valued near $1.6 billion in 1966. Coffee shipments are limited by the quota currently fixed at about 1 million tons under the International Coffee Agreement. As of June 30, the 1967 quota and prorations in the U.S. sugar market was 463,000 tons, compared with 433,000 tons for 1966. Rice exports may exceed the 250,000 tons shipped in 1966. Corn exports are forecast near 900,000 tons, compared with 610,000 tons in 1966; soybeans are estimated near 250,000 tons, more than double the 1966 trade. Current reports indicate a significant rise in wheat consumption during 1967. With limited supplies available from Argentina, Brazil is looking to other sources to meet its import requirements.

CHILE

Planting and growing conditions were generally favorable for Chilean grains and other major crops harvested early in 1967. However, unusually cold weather and drought affected some later crops and indicated the possibility of lower output for crops harvested early in 1968. Total agricultural output for 1967 is estimated slightly above the previous year when the production index declined to 113 (1957-59=100). Despite some improvement in the 1967 agricultural situation, Chile will continue dependence upon imports to supply a significant portion of its domestic food requirements during the coming year.

Larger plantings and improved yields of spring wheat more than offset a reduction in the winter wheat area and the total 1967 crop was up slightly to 1.2 million tons. Rice production recovered to a near-record level of 90,000 tons. Plantings and yields for barley and oats were above 1966, but the rise in corn slowed due to producer dissatisfaction with prices and production was estimated near the 1966 level of 250,000 tons.

Wet weather at planting reduced the 1967 sunflowerseed and rapeseed crops with total output about 30 percent below 1966. Cold weather restricted the potato harvest although production was up moderately from the previous low crop of 692,000 tons. Bean production continued to rise in response to strong

domestic demand and the 1967 crop is estimated at a record 99,000 tons. Deciduous fruit production recovered in 1967 but drought and frost damaged the citrus crop.

Beef production is expected to decline slightly during 1967 in response to the Government program to encourage rebuilding of cattle herds. A small increase is forecast for pork and milk output. Strong demand for meat continues, however, and has been reflected in a significant growth in the poultry industry. Broiler production is expected to reach 25 million in 1967 compared with 18 million in 1966 and 8.4 million in 1965.

Chile's 1967 imports of agricultural products including wheat, meat, dairy products, vegetable oils, cotton and tobacco are running ahead of the previous year. The Government is encouraging imports of cattle under its program to build up livestock numbers. Chilean fruit and grain exports may be up slightly; wool shipments, near the previous year.

COLOMBIA

Agricultural conditions were favorable in early 1967 but unusually heavy rains reduced coffee yields. Total agricultural output is expected to be near the 1966 level when the production index reached a record 124 (1957-59=100). Near record production of food crops and livestock products indicate a possible reduction in Colombian demand for agricultural imports during the coming year.

Current reports indicate that excessive rains in recent months increased the incidence of disease throughout the coffee zone. The 1967 harvest is now estimated down nearly 10 percent to 450,000 tons, with some possibility of a further reduction in estimates. Growing conditions were favorable for sugarcane and sugar output may exceed the 1966 record of 523,000 tons by about 5 percent. A continuing recovery is forecast for cotton, with production about 5 percent below the peak level of 82,000 tons harvested in 1962.

Despite favorable yields, wheat in 1967 is expected to continue a decline reflecting a shift to other grain and food crops. Production is forecast near 90,000 tons compared with a revised estimate of 125,000 tons in 1966. Relatively high prices encouraged a shift of wheat land to barley, which increased about 10 percent, and to potatoes, with an estimated harvest up over 10 percent to 900,000 tons. Rice production will continue to expand, with production estimated near a record 700,000 tons. Favorable prices have encouraged a continued rise in oilseed production, particularly of soybeans and african palm.

A significant rise in cattle slaughter in 1967 followed a buildup in cattle numbers the previous 2 years. Beef production, forecast near 390,000 tons, will exceed 1966 output by almost 15 percent. The dairy industry continued to expand and milk production may be about 3 percent above 1966.

Colombian coffee exports may exceed the 335,000 tons shipped in 1966; sugar may be up sharply from the 114,000 tons exported last year. In view of larger food crops, Colombian wheat imports in 1967 may stabilize near or slightly below the 225,000 tons purchased in 1966. Imports of other agricultural products including fats and oils may decline during the coming year because of higher import restrictions.

PERU

Peruvian agriculture benefited from above-normal moisture in 1967 which improved pastures and crop yields in the Andean highlands and provided an abundant supply of water for irrigation. An anticipated rise in food production, however, may be offset by a reduction in principal export crops. Total 1967 agricultural output is forecast near the reduced level of the previous 2 years when the production index was estimated near 125 (1957-59=100).

Diversion of irrigated land to food crops was a major factor contributing to a lower cotton crop. Production was also affected by extended cool weather and damage from flooding in some coastal areas. The 1967 fiber output is forecast near 110,000 tons, compared with a revised estimate of 120,000 tons in 1966. Sugar benefited from improved water supplies. However, production is not expected to exceed 810,000 tons due to overcutting of sugarcane in 1966, when output reached a record of 841,000 tons. Quota limitations and reduced prices resulted in a 5 percent decline in the 1967 coffee harvest.

Government prices and other programs to encourage production contributed to an expansion estimated near 20 percent in the rice area. The 1967 harvest is estimated at a record 360,000 tons. Coastal corn production continued to rise because of growing demand from the dairy and poultry industries and 1967 production was up nearly 5 percent to a new high of 550,000 tons. Most other highland food crops were above 1966 levels, with potatoes expected to equal the record 1967 harvest of 1.6 million tons. Some improvement also is anticipated for output of livestock products this year.

The agricultural situation indicates a possible reduction in Peru's agricultural trade during the coming year. Exports may reflect declines in cotton, but sugar and coffee will be near levels of the previous year. Improved food production and a continuing foreign exchange deficit will probably encourage Peru to restrict imports. Rice imports will be down sharply and wheat purchases should be maintained near a level of 500,000 tons in 1967. The recent suspension of Argentine shipments, however, may result in a larger demand for commercial wheat from the U.S. and other suppliers.

VENEZUELA

Despite heavy midyear rains and flooding in some areas, Venezuelan agricultural output in 1967 is expected to maintain a moderate increase from 1966 when the agricultural production index reached 160 (1957-59=100). Economic activity has started to regain momentum after some slowdown in 1966, indicating a continued strong demand for imported food commodities during the coming year.

The Government price program continued to stimulate expansion in rice. The 1967 harvest is expected to reach 240,000 tons compared with the 1966 record of 210,000 tons. Corn may exceed the 1966 high of 557,000 tons by about 3 percent. A revised estimate for sugar places output at 360,000 tons, to approximate the 1966 outturn. Other 1967 crop production is estimated near the previous year's level.

A moderate rise is anticipated for beef and pork production. Production of poultry meat is expected to be up again this year. However, milk production may be restricted by producer dissatisfaction with Government support prices.

Reports indicate that rice exports will continue under the Government subsidy program to reduce stocks. An estimated 50,000 tons have already been contracted and there is a possibility that total sales, on a rough basis, may reach 100,000 tons. Venezuelan sugar exports will increase, with allocations in the U.S. market up slightly to 23,000 tons. Venezuelan wheat imports will probably exceed the 560,000 tons for 1966 but there will likely be some decline in feedgrains. Restrictions have reduced purchases of vegetable oils in recent years. However, the rise in imports of soybeans, which increased 67 percent to 38,000 tons in 1966, is expected to continue. Although strong demand continues for fresh deciduous fruit, imports are expected to be down about 10 percent due to quota restrictions.

OTHER SOUTH AMERICA

On balance, agricultural output for other South American countries in 1967 is expected to decline. Bolivian agriculture recovered from adverse conditions which affected 1966 output and Guyanan production continued to rise. However, declines in agricultural output are anticipated for Ecuador, Paraguay, and Uruguay.

Favorable agricultural conditions resulted in a significant recovery in 1967 for Bolivian food crops produced in the Andean Highland region, including wheat, barley and potatoes. The 1967 rice crop is expected to exceed the 1966 harvest of 50,000 tons by more than 20 percent and some increase is expected for sugar.

Ecuador's agriculture was affected by unusually heavy rains and flooding in the important coastal region. This and later drought is expected to drop 1967 banana production about 5 percent below the record 1966 harvest of 2.2 million tons. Rice production was also affected and may be nearly one-fourth less than the large 1966 crop of 185,000 tons. Early estimates indicate that harvests of cocoa beans, coffee and sugarcane may be up slightly and that other crops and livestock products may be near levels of a year ago.

Growing conditions were favorable for sugarcane in Guyana in 1967 and sugar output is forecast at an all-time high of nearly 345,000 tons. Due to a reduction in the Government support price, 1967 rice production is not expected to exceed the record of 310,000 tons achieved in 1966.

Adverse weather reduced plantings and yields of Paraguayan cotton in 1967. It also contributed to a decline in production of fruits and some staple food crops. Some increase is anticipated for corn and tobacco production but low prices resulted in a smaller sugarcane harvest. The 1967 slaughter of cattle for export may be below the total for last year.

In Uruguay, a severe drought in late 1966 and early 1967 was followed by heavy rains, flooding and unusually cold weather. Grain crops, including wheat and barley, were sharply reduced and an estimated 80 percent of the citrus crop was destroyed. Meat and dairy production were greatly curtailed. An estimated 1 million head of cattle were drowned, and a significant reduction is estimated for the calf and lamb crops.

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Washington, D. C. 20250

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This report was prepared under the direction of Howard L. Hall, in the Western Hemisphere Branch.

The report is based upon information available as of September 1. It updates a more comprehensive report published in May 1967: The Western Hemisphere Agricultural Situation--Review of 1966 and Outlook for 1967, ERS-Foreign 187.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1967 301-751 (ERS-40)